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The Dominican Republic opened negotiations with the US on Jan. 14 on a bilateral trade agreement. US Trade Representative Robert Zoellick participated in this, the first round, scheduled to run through Jan. 16. If the talks end in an agreement, the plan is for the Dominican Republic to be integrated into the recently completed, but as yet unratified, Central America Free Trade Agreement (CAFTA). The other CAFTA members are Honduras, El Salvador, Guatemala, and Nicaragua.

The Dominican Republic fills a spot in the CAFTA lineup left vacant by Costa Rica, which dropped out of the talks at the last minute to seek a better deal with the US bilaterally (see NotiCen, 2003-12-18). Zoellick, well-experienced in bringing poor countries aboard, said in a press release, "An agreement with Dominicana will bring economic opportunities for farmers, workers, consumers, and business in the United States, in Dominicana, and with our Central American partners." He said that the newly combined markets would represent the second-largest export market to the US in Latin America, after Mexico.

With much of the work already done during the yearlong CAFTA talks, the US has scheduled just three sessions to wrap things up with the Dominican Republic, the largest economy in the Caribbean Basin. The Dominican Republic exported US$4.2 billion to the US in 2002 and US $4.3 billion in 2003. The US is the island nation's largest trading partner. Areas of trade under consideration will include government contracts, investment and financial services, textiles, industrial products, and agricultural products.

Zoellick, in a press conference, called the treaty "a package of measures benefiting the economic stability of the country through the increase of duty-free zones for the generation of jobs." The news conference followed Zoellick's visit with the increasingly unpopular President Hipolito Mejia and seemed aimed at widespread public concerns about the country's economic crisis (see NotiCen, 2003-05-29). Zoellick also promised a program of development aid to raise the level of competitiveness for local producers, to begin after an agreement is signed. This last would involve the efforts of the Inter-American Development Bank (IDB), the World Bank, and the Economic Commission for Latin America and the Caribbean (ECLAC).

In his one-day tour, the trade representative also visited the president of the Senate, Jesus Vasquez. Not entirely unfamiliar The trappings of the negotiations were similar to the CAFTA productions. Regina Vargo heads the US team. The talks took place behind closed doors, with scant information as to what was happening or what specifically was on the agenda.

The chief Dominican negotiator, Minister of Industry and Commerce Sonia Guzman, spoke vaguely at the end of the talks on Jan. 16, and she hinted that "advances and tangible results" would be evident after the second round, slated for Feb. 12-16 in San Juan, Puerto Rico. "We assure you that we remain committed to obtaining benefits that foster development through trade and investment,"

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she told the press. Also familiar was the ample opposition to a deal with the US. To those who asked for a delay in negotiating an agreement until 2007, Guzman said that such a delay would be "harmful" and would do no more than "delay the development of industrial and agricultural sectors."

"Free trade," she said, "is an irreversible event, and, just as is the case with other nations of the hemisphere and the rest of the world, the Dominican Republic is immersed in that process." But among those not eager to become immersed were agricultural producers.

At the close of the negotiating round, pork and chicken producers demonstrated against the 85% reduction in import tariffs that the US has proposed. They foresaw in that reduction a local market immersed in imported chicken and pork. "We want to reject, in the matter of chickens, the possibility that they are negotiating the introduction of chicken parts into the country. We categorically oppose the importation of thighs and legs, necks and giblets," said producers' representative Francisco Leony. Demonstrators marched to, and demonstrated in front of, the Jaragua Hotel, where the talks were being held under the tightest security. One of their concerns, again mirroring the popular dissent in the CAFTA countries, is the possibility of the loss of the export advantages the Dominican Republic has under the provisions of the Caribbean Basin Initiative (CBI).

They were not convinced by Guzman's assertion that "one of our fundamental objectives is that the signing of a free-trade agreement with the United States does not deprive our country of the benefits received by means of [the CBI]." She lauded the initiative because it contains "tariff and trade measures to promote economic revitalization and expand opportunities of the private sector of the region." Implicit in the Dominican Republic's decision to negotiate is the apprehension that US threats to discontinue the CBI would become reality.

Vargo agreed with Guzman's remarks, but did not give any guarantees. Detractors and dissenters, however, have noted that that the CBI is a unilateral concession on the part of the US, a kind of a free ride, whereas in a trade agreement they would have to give something for what they get, without any assurance that they would get as much as they already have. They have had preferential access to US markets since 1985 under the status quo. One facet of a trade agreement that is not present in a system of preferences is the incentive for foreign investment. That might keep the Dominican Republic relatively free from pressure for unwanted privatizations.

In addition, now that CAFTA looms, Guzman raised the fear that, should the Dominican Republic not participate, foreign firms in the country "will reconsider their plans and emigrate entirely or partially to Central America." The Dominican Republic's negotiators did not ignore the objections of the agricultural producers. They designated the sector as one of the most difficult in the negotiations and said they would seek protections for ten agricultural products, including meats and cheese, and would seek gradual entry into local markets for other products, including pharmaceuticals. There will presumably be, then, several categories of goods and services divided into "canastas," as they were called in the CAFTA dealings, according to the length of time they will be permitted to keep their trade protections.

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While the talks so far have not been at all public, there has been no mention of imposing secrecy on the proceedings, as was the case with CAFTA. Orlando Jorge Mera, coordinator of the intellectual property section of the Dominican team, said he would meet before the next round with industrialists to inform them of the results of the first round and of their negotiating position. Also stepping up to give assurances, undersecretary for agricultural planning Jesus de los Santos, head of the agricultural team, said that a treaty would be signed based on protection of local producers and that they would not receive anything less than what the Central Americans got.

There is still a good deal of dissatisfaction being reported, however, in Central America regarding these same issues. US farmers also object The Dominican and Central American growers were not alone in their discomfort with US trade policy and the deals it makes.

The American Farm Bureau, the largest US farm group, voted to take a far more critical view of free trade. At its annual meeting in Hawaii in mid-January, members voted that henceforth they would only support future trade agreements "that prevent economic damage to import-sensitive commodities...while advancing US agricultural trade and food security interests." The Financial Times called the decision "the latest sign of waning enthusiasm for trade deals among US farmers who have historically been strong advocates of trade liberalization." The measure passed by a narrow margin. It favors growers of import-sensitive products like sugar, fruits, and vegetables who, while powerful in Washington, usually take a backseat to export-commodity growers.

US sugar growers wrote US President George W. Bush that it would "strongly oppose" CAFTA unless the US withdrew its offer to import more of the region's sugar. They said the deal as it stands "would lead to a totally unmanageable level of imports into the US." The new Farm Bureau policy appears inconsistent with another of its policies that calls for all commodities to be negotiable in all trade negotiations. The Financial Times saw in the Farm Bureau's change of heart a complication for Zoellick in his efforts to revive the Doha round of trade negotiations.

An additional complication for him in the Dominican Republic negotiation is that President Mejia, who needs this agreement, is involved now in a re-election campaign that will culminate with national elections on May 16. He is widely unpopular. Polls for the last six months have shown him trailing badly behind former President Leonel Fernandez (1996-2000). Front-running Fernandez told reporters, "The elections will be a plebiscite against President Hipolito Mejia. His government has been atrocious and he has sunk his party."

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